

# Changes in Public and Private Debt

**N**ET public and private debt totaled \$553 billion at the close of 1952—\$31½ billion above that outstanding at the end of 1951. This advance was of about the same magnitude as the increase which occurred in 1951. Partial data available indicate that total debt has continued to expand during 1953 at a rate which may equal or surpass that in 1952.

Gross debt, before consolidation of borrowers' accounts as explained in the technical note to this report, reached a total of \$643 billion at the end of last year. Gross public debt moved up 4 percent and gross private debt 8 percent during 1952.

The rise in net debt last year, as in other postwar years, was likewise dominated by the change in private obligations (see chart). Three-quarters of the year's advance—\$23.5 billion—was centered in net private indebtedness, which amounted to \$303 billion on December 31, 1952—8 percent above the total a year earlier. Additions of \$5½ billion to Federal Government net debt and \$2½ billion to State and local government obligations together represented a public debt increase of about 3 percent.

As a result of the more rapid growth in private borrowings, the proportion of total net debt accounted for by private obligations increased to 55 percent at the end of 1952, in comparison with 53½ percent in 1951 and the wartime low of 34 percent in 1945.

All major debt categories (table 1) expanded in 1952. The \$7½ billion increase in nonfarm mortgages and \$4 billion rise in consumer credit together accounted for roughly half of the total private debt expansion. The consumer credit rise represented a 20 percent advance. A similar advance had occurred in 1950, but the intervening year 1951 had shown only a 3 percent change.

Most of the remaining 1952 increase in the private sector was accounted for by corporate debt, which rose less than in 1950 or in 1951.

Private debt expansion in 1952 was an accompaniment of high production, sales, and investment. While private indebtedness increased \$24 billion, individuals and businesses added \$10½ billion to their holdings of cash, deposits, and U. S. Government securities, and made gross investments of \$52½ billion in new homes, plant, productive equipment, and additional business inventories.

The monetary, credit, price-wage, and material allocation policies in force throughout 1951 had been instrumental in restraining the growth of private debt during that year. In 1952, improved supplies of critical materials, and more gradual expansion of defense outlays, led to relaxation or suspension of selective economic controls.

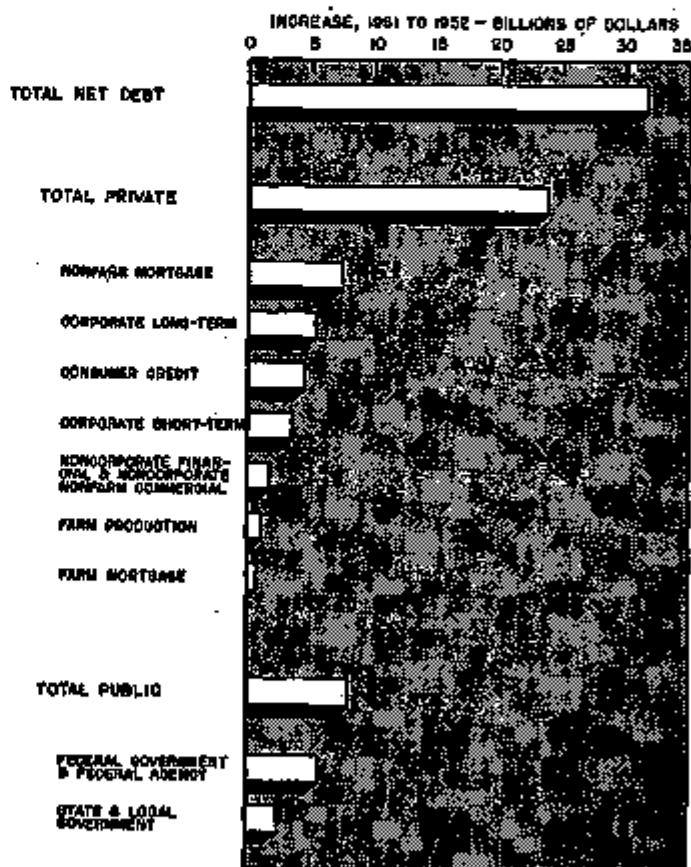
## Credit controls in 1952

Control of consumer credit through the Federal Reserve Board's Regulation W, which tended to increase downpayments and shorten maturities, was relaxed in July 1951 and suspended in May 1952.

NOTE.—MR. BONNELL AND MR. GORMAN ARE MEMBERS OF THE NATIONAL INCOME DIVISION, OFFICE OF BUSINESS ECONOMICS.

Regulation X and the collateral regulations of the Federal Housing Administration and the Veterans' Administration remained in effect until September 1952. These were designed to increase downpayments and shorten maturities in the field of real estate credit. Regulation X, which had been eased somewhat in September 1951, was liberalized in

## All major categories of debt advanced in 1952



U. S. DEPARTMENT OF COMMERCE, OFFICE OF BUSINESS ECONOMICS

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June 1952 by decreasing required downpayments. It was suspended in September under the terms of the Defense Production Act amendments of 1952, after the number of residential units started monthly had fallen below 100,000 (seasonally adjusted) in June, July, and August.

The Voluntary Credit Restraints Program, an instrument of selective credit control depending upon cooperative participation by private lending institutions, which provided

Table 1.—Net Public and Private Debt, End of Calendar Year, 1916-52<sup>1</sup>  
(Billions of dollars)

End of year	Public and private, total	Public			Private									
		Total	Federal	State and local	Total	Corporate			Individual and noncorporate					
						Total	Long-term	Short-term	Total	Mortgage		Nonmortgage		
										Farm	Nonfarm <sup>1</sup>	Farm <sup>2</sup>	Nonfarm <sup>3</sup>	
1910.....	82.1	5.0	1.2	4.4	78.5	46.5	29.1	11.1	36.3	6.8	8.4	2.0	23.1	
1917.....	94.4	12.0	7.8	4.7	82.4	48.7	29.7	14.0	38.7	6.6	9.3	2.5	23.4	
1918.....	117.4	25.0	30.9	6.0	91.5	47.0	30.2	16.8	44.5	7.1	9.0	2.7	23.1	
1919.....	128.0	30.8	28.0	6.2	97.2	53.3	31.0	22.5	44.9	8.4	10.1	3.0	21.9	
1920.....	136.4	29.0	25.7	5.9	100.8	57.7	32.0	25.1	48.1	10.2	12.7	3.0	22.3	
1921.....	136.8	29.0	23.1	5.5	100.2	57.0	32.8	23.2	40.2	10.7	12.8	3.3	22.4	
1922.....	140.0	30.6	22.8	7.7	109.5	58.0	34.4	24.2	50.9	10.8	14.1	3.1	23.0	
1923.....	148.3	30.0	21.8	8.2	116.3	52.8	33.3	26.4	53.7	10.7	16.3	3.0	23.7	
1924.....	159.0	30.0	21.0	0.0	128.0	57.2	38.5	28.7	55.8	0.0	18.0	2.7	24.6	
1925.....	162.3	30.3	20.3	10.0	132.3	72.7	39.7	33.0	60.6	8.7	21.3	2.8	25.8	
1926.....	168.8	29.0	19.2	10.7	138.0	78.2	41.7	34.5	62.7	8.7	25.0	2.4	26.4	
1927.....	177.3	28.7	18.2	11.3	147.0	81.2	44.4	36.8	68.4	9.8	28.0	2.6	27.1	
1928.....	184.9	29.5	17.5	12.3	150.1	88.1	46.1	40.0	70.0	8.8	28.4	2.7	27.0	
1929.....	190.9	29.7	16.4	13.2	161.2	85.9	47.9	41.0	72.3	9.8	31.2	2.6	28.0	
1930.....	191.0	30.9	16.5	14.1	160.4	88.3	51.1	38.2	71.1	8.4	32.8	2.4	27.3	
1931.....	181.0	34.0	18.5	15.5	147.0	82.8	50.2	33.2	64.4	0.1	30.0	2.6	22.4	
1932.....	174.0	37.9	21.3	16.0	135.7	80.0	49.2	30.8	58.7	3.5	20.0	1.0	17.6	
1933.....	168.5	41.0	24.3	16.7	127.5	76.0	47.0	29.1	50.8	7.7	20.3	1.4	15.2	
1934.....	171.4	48.2	28.4	19.0	123.2	75.5	44.0	30.9	48.6	7.0	25.8	1.3	16.1	
1935.....	174.7	50.5	24.4	15.0	124.2	74.8	43.0	31.2	48.4	7.4	24.7	1.5	15.7	
1936.....	180.3	55.9	27.7	10.2	128.4	70.1	42.5	33.6	50.5	7.3	24.4	1.4	17.3	
1937.....	182.0	58.3	29.2	10.1	123.7	75.0	43.8	33.2	50.9	7.0	24.3	1.5	18.0	
1938.....	179.9	58.5	29.6	10.0	121.3	73.3	44.8	28.4	48.8	0.9	24.5	2.2	15.4	
1939.....	182.2	58.9	29.0	10.3	124.3	73.5	44.4	29.2	50.6	0.0	28.0	2.2	17.0	
1940.....	189.9	61.3	24.8	16.5	128.0	76.0	45.7	31.0	53.0	0.8	28.0	2.8	17.0	
1941.....	211.0	72.0	50.3	16.3	138.0	83.4	48.8	38.5	55.0	0.4	27.2	2.8	19.2	
1942.....	232.0	117.5	101.7	14.8	141.5	91.0	47.7	43.0	49.0	0.0	28.5	3.0	14.1	
1943.....	314.0	188.2	154.4	14.8	141.3	95.0	51.0	44.0	48.8	5.4	20.2	2.5	14.4	
1944.....	370.8	220.0	211.0	14.7	144.8	94.1	58.5	54.3	50.7	4.8	25.1	2.5	18.9	
1945.....	406.4	250.4	252.7	15.7	150.0	88.3	58.3	47.0	54.7	4.8	27.0	2.0	20.5	
1946.....	397.5	243.3	229.7	13.6	164.3	93.5	61.2	49.3	60.7	4.0	33.6	2.8	26.6	
1947.....	418.0	237.7	223.3	14.4	180.3	108.0	66.1	65.8	71.4	5.1	38.7	3.8	24.1	
1948.....	434.3	252.7	218.5	16.2	202.0	118.0	69.8	65.5	83.0	5.3	45.1	4.5	27.7	
1949.....	447.0	258.7	218.8	18.1	211.3	117.8	69.5	61.3	83.4	5.8	50.6	4.4	26.0	
1950.....	488.2	258.4	218.7	20.7	248.8	138.0	80.1	70.5	109.2	6.1	60.4	4.1	27.0	
1951.....	521.2	242.0	218.7	23.3	270.2	148.8	84.0	84.2	120.4	0.8	67.4	7.0	28.5	
1952.....	582.7	249.0	224.2	25.5	302.7	167.4	89.8	87.0	135.3	7.1	74.8	8.0	45.4	

1. Data for State and local governments are for June 30 of each year. Components will not necessarily add to totals because of rounding.

2. Data are for noncorporate borrowers only. (See table 4.)

3. Comprises non-real-estate farm debt contracted for productive purposes and owed to institutional lenders (includes O. C. O. loans).

4. Comprises debt incurred for commercial (nonfarm), financial and consumer purposes, including debt owed by farmers for financial and consumer purposes.

Sources: U. S. Department of Agriculture, Bureau of Agricultural Economics; U. S. Department of Commerce, Bureau of the Census and Office of Business Economics.

Table 2.—Gross Public and Private Debt, End of Calendar Year, 1929-52<sup>1</sup>  
(Billions of dollars)

End of year	Public and private, total	Public			Private								
		Total	Federal <sup>2</sup>	State and local	Total	Corporate			Individual and noncorporate				
						Total	Long-term	Short-term	Total	Mortgage		Nonmortgage	
										Farm	Nonfarm <sup>3</sup>	Farm <sup>3</sup>	Nonfarm <sup>3</sup>
1929	214.0	34.7	17.5	17.2	179.3	107.0	60.0	50.4	72.3	8.6	31.2	2.0	28.9
1930	214.3	35.8	17.3	18.5	178.5	107.4	61.1	49.3	71.1	9.4	32.0	2.4	27.3
1931	203.3	38.0	19.1	18.9	165.3	100.3	60.1	48.3	64.4	0.1	30.9	2.0	32.4
1932	184.2	42.4	22.8	19.6	141.8	80.1	58.8	37.3	58.7	8.8	28.0	1.6	17.6
1933	190.5	47.6	27.7	19.9	142.0	82.4	57.2	35.2	50.6	7.7	30.3	1.4	15.2
1934	197.3	57.1	37.9	19.2	140.2	80.6	55.2	37.4	49.6	7.0	25.5	1.3	15.1
1935	200.2	61.0	41.7	19.3	139.2	80.5	52.0	37.8	48.4	7.4	24.7	1.5	14.7
1936	205.0	64.7	45.1	19.6	141.2	80.9	50.4	40.4	50.3	7.2	24.4	1.4	17.3
1937	208.5	67.4	47.6	19.8	141.1	80.2	51.5	38.7	50.3	7.0	24.3	1.0	18.0
1938	208.0	67.0	47.4	19.6	141.0	80.0	52.0	38.0	49.8	0.8	24.0	2.2	16.4
1939	207.7	70.1	50.1	20.0	137.6	80.5	52.1	34.7	50.8	0.0	25.0	2.2	17.0
1940	215.8	73.8	53.6	20.2	142.0	80.0	51.2	37.7	51.0	0.5	28.0	2.0	17.9
1941	242.9	89.2	60.0	29.2	153.7	87.6	51.2	46.3	55.6	0.4	27.3	2.0	19.2
1942	290.1	142.9	123.3	19.7	147.2	106.9	60.2	64.2	49.9	0.0	20.8	3.0	14.1
1943	304.5	204.4	180.7	18.7	139.1	110.3	63.4	67.0	58.8	5.4	25.2	2.8	14.4
1944	430.0	271.2	255.7	15.5	149.7	100.0	67.0	62.0	50.7	4.9	28.1	3.8	10.9
1945	483.4	306.2	292.8	13.0	154.3	90.5	68.3	64.3	54.7	4.3	27.0	2.5	20.5
1946	468.0	288.0	272.1	15.9	170.0	100.8	68.5	60.9	60.7	4.0	32.6	2.8	20.0
1947	480.2	288.6	260.8	10.8	199.8	128.5	65.0	73.2	71.4	5.1	38.7	2.5	24.1
1948	490.3	275.7	258.0	15.7	232.8	130.0	62.8	70.2	83.0	5.3	45.1	3.5	27.7
1949	510.7	287.0	286.1	20.9	232.7	130.3	67.7	71.0	83.4	5.6	50.0	6.4	26.8
1950	504.3	296.6	293.4	24.2	273.7	164.5	72.2	62.3	100.2	6.1	60.4	8.2	27.6
1951	604.3	307.3	270.3	27.0	307.0	180.0	77.8	109.0	120.4	6.0	67.4	7.0	28.5
1952	648.2	310.3	280.7	29.6	332.0	197.0	83.9	113.7	135.3	7.1	74.8	8.0	45.4

<sup>1</sup> Includes categories of debt not subject to the statutory debt limit.

2. Data for State and local governments are for June 30 of each year. Components will not necessarily add to total because of rounding.

3. Data are for noncorporate borrowers only. (See table 4.)

4. Comprises non-real-estate farm debt contracted for productive purposes and owed to institutional lenders (includes O. C. O. loans).

4. Comprises debt incurred for commercial (nonfarm), financial and consumer purposes, including debt owed by farmers for financial and consumer purposes.

Sources: U. S. Department of Agriculture, Bureau of Agricultural Economics; U. S. Department of Commerce, Bureau of the Census and Office of Business Economics.

defense-related criteria in screening proposed loans, was discontinued in May 1952.

Only the Federal Reserve Regulations T and U, which control margin requirements on loans to purchase or carry securities, were in force throughout the year. Margin requirements were held at 75 percent during 1952, but dropped to 50 percent in February of this year.

Although selective credit restraints were softened in application or discontinued, there remained the Federal Reserve System's instruments of general credit policy. Following the accord reached with the Treasury Department in March 1951, the System was in a better position to employ its traditional devices of open-market buying and selling of securities, regulation of member bank reserve requirements, and variation in rediscount rates, in order to influence the availability of bank reserves and the consequent supply of credit and money. The Federal Reserve System used its powers throughout 1952 to exert a continuing moderate dampening pressure on extensions of bank credit.

Interest rates rose in 1952. The effect of the higher interest rate on new loans did not raise the average on the aggregate debt outstanding by much. This was largely because of the preponderant weight in total debt of obligations carried over from prior years. The computed average interest rate is currently about half of that effective in 1929—an aggregate debt 3 times that in 1929 is thus carried by interest charges only one-half larger.

### Federal Government debt expands

The \$10½ billion increase in gross Federal debt includes additions to holdings of Federal securities within the Government (mainly special issues held by Federal agencies and in trust funds for the account of individuals) as well as net new borrowings of \$5½ billion from the public. In addition to financing the budget deficit, the rise in debt during 1952 permitted a net increase of almost \$2 billion in the Treasury general fund balance. Federal Government net debt totaled \$224 billion at the close of 1952 and gross debt—including agency obligations not subject to the statutory debt limit—over \$280 billion.

By the end of August 1953, Federal Government net debt was approximately \$4 billion higher than on December 31, 1952, while gross Federal debt rose \$6 billion during the same period. Nearly all of this rise stemmed from heavy Treasury borrowing operations in July to cover the anticipated third quarter Budget deficit. With the seasonal concentration of receipts in the first half of 1953, Federal net and gross debt had declined during the first six months.

Since most of the Treasury's new borrowing during 1952 was concentrated in the second half of the year and in low-interest-bearing short-term securities, particularly tax-anticipation bills, Federal Government net interest payments were very little higher in 1952 than in 1951. The computed average interest rate on publicly held securities was not altered appreciably between 1951 and 1952.

### State and local rise continues

State and local government net debt amounted to \$25.8 billion at the end of June 1952, a \$2¼ billion increase during the fiscal year. State governments added one-seventh to outstanding obligations and local governments added one-tenth. The combined advance was slightly smaller than in 1950 or 1951.

The bulk of receipts from such borrowing was used to finance the construction of school and other community facilities, roads and bridges. The need for the improvement and expansion of such facilities has led to sizable debt additions throughout the postwar years. It should be

noted in this connection that State and local governments as a group have also added substantially to their holdings of cash and securities in recent years.

The volume of new offerings so far in 1953 indicates that the rise has continued, although State and local governments experienced some difficulty in marketing some issues during 1952 and 1953. The large supply of these securities necessitated some price concessions in order to broaden their market by attracting investors with less to gain from the tax-exemption features.

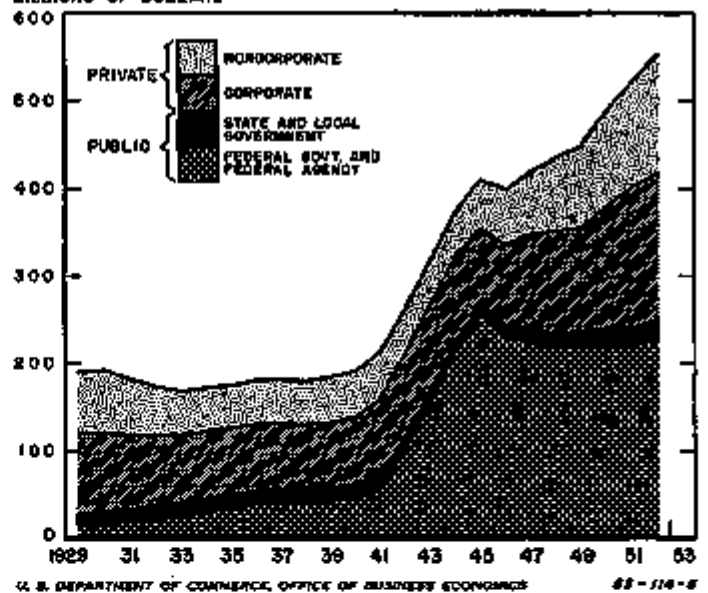
Other factors limiting the rate of debt formation by State and local governments during fiscal year 1952 included the end of borrowing to pay veterans' bonuses, the accomplishment of minimum construction objectives by some units, voters' resistance to proposed capital outlays, review of proposals by Voluntary Credit Restraint Committees, and restricted supplies of critical materials.

Despite these conditions, the expansion of local debt in 1952 was about the same as in 1950-51. Borrowing by States, however, was significantly less than in either of the two preceding years.

Approximately two-thirds of the 1952 increase in State debt was incurred to finance highway construction, particularly toll roads. Most of the remaining additional debt arose from loans to assist education.

### Postwar debt change dominated by private obligations

BILLIONS OF DOLLARS



All categories of local government participated in the \$1¼ billion rise in local government net debt during fiscal year 1952. For the sixth successive year, school districts led in the rate of increase—adding 17 percent. A sizable proportion of the new debt of counties, cities, and townships was also incurred for school purposes. (About one-fourth of public school attendance is within the scope of governmental units other than separate school districts.)

County debt rose 10 percent in fiscal year 1952, city and township indebtedness advanced 6 percent, and special district debt was up 13 percent.

The rate of increase in total net corporate debt dropped to 5 percent in 1952, as compared with 14 percent in 1951 and 18 percent in 1950. This retardation occurred in the short-

term components of corporate debt. Net long-term obligations increased at a rate exceeding expansions in 1950 and 1951, accompanying record corporate investment in new plant and equipment.

Corporate outlays for new plant and equipment reached

\$22½ billion in 1952 and are scheduled to increase moderately during 1953 as a whole. The book value of corporate inventories, on the other hand, rose less than \$2 billion in 1952 in contrast to an advance of \$10 billion in each of the two previous years. Reduction of Federal income tax liabilities in 1952 because of reduced corporate earnings was an

Table 3.—Gross and Net Federal Government Debt, End of Calendar Years, 1929-52  
(Millions of dollars)

End of year	Gross debt							Duplying debt							Net debt		
	Federal Government and Federal agency, total <sup>1</sup>	Federal Government					Federal agency <sup>2</sup>	Federal Government and Federal agency, total	Federal Government securities held by Federal agencies and trust funds	Federal agency securities <sup>3</sup>				Federal Government and Federal agency, total	Federal Government	Federal agency	
		Total	Interest bearing			Non-interest bearing <sup>4</sup>				Total	Held by U. S. Treasury	Held in Federal trust funds	Held by other Federal agencies				
			Total	Public issues	Special issues												
1929.....	17,227	10,201	10,025	15,491	625	272	1,220	1,830	028	111	.....	104	.....	16,468	15,372	1,115	
1930.....	17,265	10,020	15,774	14,992	791	262	1,277	1,814	204	110	.....	104	.....	16,429	15,322	1,107	
1931.....	18,073	17,620	17,528	17,135	343	208	1,247	1,860	068	105	.....	104	.....	18,404	17,383	1,141	
1932.....	22,530	20,906	20,448	20,087	351	367	2,026	1,828	611	917	910	.....	.....	21,506	20,104	2,111	
1933.....	27,710	23,815	23,450	23,079	371	306	2,941	2,446	063	3,612	3,360	306	.....	24,251	22,502	1,389	
1934.....	27,860	28,490	27,944	27,385	558	336	0,370	7,470	2,840	4,620	3,585	105	999	36,380	25,040	4,749	
1935.....	41,054	20,557	29,500	28,848	758	901	11,087	7,280	1,731	5,314	4,095	308	1,314	34,405	28,820	5,582	
1936.....	45,090	34,400	32,098	33,067	632	707	10,584	7,300	2,598	4,608	3,685	25	1,123	37,094	31,878	5,516	
1937.....	47,814	37,380	36,775	34,483	2,227	571	10,538	8,038	3,806	4,903	3,610	40	1,163	40,236	33,480	5,746	
1938.....	47,457	30,490	30,021	38,755	2,150	628	7,083	6,904	4,000	1,014	789	44	1,082	40,533	34,449	6,084	
1939.....	56,113	41,001	41,408	37,224	4,221	406	8,143	7,461	6,100	1,315	101	44	1,170	42,632	35,795	6,537	
1940.....	53,560	46,040	44,472	30,192	5,370	608	8,320	8,786	7,345	1,416	90	44	1,275	44,815	37,604	7,119	
1941.....	68,990	58,020	57,533	40,631	0,082	487	10,079	12,760	0,249	3,427	1,378	43	2,126	56,284	48,771	7,513	
1942.....	123,212	108,170	107,308	86,279	0,032	862	16,043	21,310	11,228	6,685	5,192	43	4,323	104,050	90,242	5,164	
1943.....	180,660	105,878	104,808	161,805	12,703	1,370	20,788	32,239	16,503	16,725	7,899	43	7,825	154,437	149,375	5,062	
1944.....	252,694	230,030	228,201	212,585	16,330	1,739	25,061	41,305	21,672	20,133	11,494	( <sup>5</sup> )	8,638	211,889	206,968	3,921	
1945.....	292,680	278,114	275,908	244,583	20,000	2,421	14,485	30,857	27,041	12,519	11,775	( <sup>5</sup> )	1,041	252,743	251,073	1,669	
1946.....	272,147	250,140	257,040	233,064	24,885	1,600	12,908	42,388	30,073	11,463	10,063	( <sup>5</sup> )	702	239,740	228,238	1,512	
1947.....	298,753	250,900	254,206	225,250	28,053	2,004	12,935	46,435	34,352	12,083	11,340	( <sup>5</sup> )	243	252,518	228,548	770	
1948.....	357,094	252,900	250,580	218,883	31,714	2,220	6,784	41,340	37,317	4,183	3,053	( <sup>5</sup> )	240	316,484	216,483	1,001	
1949.....	266,067	247,130	248,610	221,133	33,896	2,111	8,937	47,422	20,348	6,127	7,304	( <sup>5</sup> )	533	216,584	217,784	280	
1950.....	266,475	256,708	254,281	220,570	33,787	2,425	0,787	47,713	20,107	8,616	8,470	( <sup>5</sup> )	48	218,702	217,511	1,191	
1951.....	270,341	256,419	257,070	221,758	35,003	2,349	10,923	51,078	42,282	8,307	9,331	( <sup>5</sup> )	68	218,603	217,138	1,525	
1952.....	280,715	267,391	265,203	220,143	38,160	2,008	15,324	50,580	45,808	12,653	10,000	( <sup>5</sup> )	67	224,100	221,496	2,671	
1953 (Aug. 31).....	( <sup>5</sup> )	273,208	271,145	230,757	40,088	2,001	( <sup>5</sup> )	( <sup>5</sup> )	48,016	( <sup>5</sup> )	( <sup>5</sup> )	( <sup>5</sup> )	( <sup>5</sup> )	224,100	( <sup>5</sup> )	( <sup>5</sup> )	

<sup>1</sup> Includes categories of debt not subject to the statutory debt limit.

<sup>2</sup> Includes matured debt on which interest has ceased.

<sup>3</sup> Bonds, debentures, and notes payable, including securities held by U. S. Treasury.

<sup>4</sup> Bonds, debentures, and notes payable.

<sup>5</sup> Less than \$500,000.

<sup>6</sup> Not available.

Source: U. S. Treasury Department.

Table 4.—Gross and Net State and Local Government Debt, June 30, 1929-52  
(Millions of dollars)

End of fiscal year	Gross debt							Duplication debt <sup>2</sup>							Net debt		
	State and local, total <sup>1</sup>	State	Local					State and local, total	State			Local			State and local, total	State	Local
			Total	County	City and town-ship	School district	Special district		Total	Sinking funds	Trust, etc., funds	Total	Sinking funds	Trust, etc., funds			
1929.....	17,234	2,300	14,934	2,270	9,306	1,965	1,449	4,004	714	898	458	3,386	2,850	494	13,170	1,389	11,781
1930.....	18,456	2,444	16,012	2,434	9,570	2,008	1,651	4,340	732	205	487	3,559	3,049	509	14,119	1,652	12,467
1931.....	19,834	2,850	16,984	2,644	10,468	2,230	1,650	4,606	886	237	519	3,802	3,330	472	15,020	1,800	13,220
1932.....	19,576	2,880	16,696	2,631	10,343	2,178	1,651	4,601	878	303	573	3,855	3,411	444	15,015	2,024	12,991
1933.....	19,308	3,018	16,290	2,494	10,408	2,117	1,710	4,078	852	319	536	3,126	3,400	726	10,724	2,094	14,589
1934.....	19,185	3,291	15,894	2,457	9,584	2,060	1,788	3,215	1,037	335	702	2,178	1,801	377	15,041	2,104	12,937
1935.....	19,342	3,331	16,011	2,432	9,725	2,080	1,800	3,297	1,099	351	745	2,158	1,860	298	16,015	2,222	13,793
1936.....	19,117	3,318	15,799	2,382	10,051	1,942	1,844	3,386	1,165	307	706	2,223	1,871	352	16,129	2,153	14,076
1937.....	19,599	3,276	16,323	2,345	10,007	1,884	2,032	3,485	1,234	363	851	2,240	1,860	380	16,111	2,042	14,069
1938.....	19,578	3,304	16,274	2,282	9,923	1,860	2,202	3,501	1,313	412	901	2,258	1,865	393	16,075	1,964	14,111
1939.....	19,508	3,343	16,165	2,219	10,216	1,837	2,382	3,682	1,368	208	973	2,319	1,872	441	16,314	1,974	14,340
1940.....	20,246	3,625	16,621	2,155	10,189	1,813	2,602	3,735	1,433	202	1,070	2,533	1,850	1,003	16,401	2,083	14,318
1941.....	20,228	3,493	16,735	2,045	10,210	1,787	2,719	3,689	1,512	200	1,063	2,336	1,838	575	16,907	1,880	15,027
1942.....	19,608	3,211	16,397	1,945	10,079	1,704	2,853	3,847	1,541	278	1,205	2,306	1,844	963	15,843	1,970	14,873
1943.....	18,482	2,904	15,578	1,934	9,784	1,673	2,702	3,510	1,376	306	1,270	2,234	1,302	933	14,822	1,333	13,489
1944.....	17,471	2,708	14,763	1,804	8,323	1,405	2,716	3,307	1,361	247	1,104	2,043	1,143	904	14,074	1,417	12,657
1945.....	16,889	2,425	14,464	1,745	8,080	1,302	2,607	3,084	1,040	175	871	1,818	960	859	13,725	1,370	12,355
1946.....	16,992	2,358	13,634	1,417	8,207	1,280	2,807	2,346	784	141	613	1,606	980	728	13,473	1,604	11,869
1947.....	16,825	2,078	14,747	1,491	8,278	1,356	2,730	2,428	804	144	680	1,884	985	704	14,087	2,174	12,222
1948.....	18,702	2,722	14,980	1,405	8,136	1,446	2,877	2,478	851	164	687	1,825	917	778	14,226	2,571	12,555
1949.....	20,375	4,004	16,371	1,603	9,308	2,147	3,295	2,726	970	181	810	1,756	960	888	15,146	3,064	12,082
1950.....	24,101	5,351	18,750	1,707	11,247	2,710	3,166	3,468	1,308	( <sup>5</sup> )	( <sup>5</sup> )	2,070	866	1,085	20,722	2,903	17,819
1951.....	27,040	6,373	20,667	1,876	12,121	3,287	3,403	2,093	1,468	( <sup>5</sup> )	( <sup>5</sup> )	2,211	( <sup>5</sup> )	( <sup>5</sup> )	23,347	4,801	18,546
1952.....	29,628	7,040	22,588	2,068	12,857	3,801	3,820	3,862	1,465	( <sup>5</sup> )	( <sup>5</sup> )	2,387	( <sup>5</sup> )	( <sup>5</sup> )	25,771	5,570	20,146

<sup>1</sup> Includes State loans to local units.

<sup>2</sup> Comprises State and local government securities held by State and local governments.

<sup>3</sup> Data for 1950, 1951, and 1952 are not strictly comparable with 1949 and earlier years. (See "Governmental debt in 1951," Bureau of the Census, December 1951.)

<sup>4</sup> Not available.

Source: U. S. Department of Commerce, Bureau of the Census and Office of Business Economics.

Table 5.—Gross and Net Corporate Debt, End of Calendar Year, 1929-52

(Millions of dollars)

End of year	All corporations					Railway corporations					Nonrailway corporations				
	Total	Long-term <sup>1</sup>	Short-term <sup>1</sup>			Total	Long-term <sup>1</sup>	Short-term <sup>1</sup>			Total	Long-term <sup>1</sup>	Short-term <sup>1</sup>		
			Total	Notes and accounts payable	Other			Total	Notes and accounts payable	Other			Total	Notes and accounts payable	Other
Gross Corporate Debt															
1929	107,043	66,825	50,418	35,436	14,982	16,077	15,380	1,697	725	072	91,666	42,246	48,721	24,711	14,010
1930	107,426	61,066	46,359	32,279	14,080	16,360	14,716	1,644	645	070	91,075	40,370	44,706	21,694	13,681
1931	100,350	60,071	40,292	28,761	11,530	16,368	14,782	1,576	700	870	83,978	40,292	44,000	20,048	10,038
1932	94,110	58,762	37,345	25,280	12,065	16,410	14,852	1,557	658	851	79,251	43,010	43,761	24,003	11,778
1933	92,573	57,161	35,212	23,827	11,385	16,467	14,708	1,759	600	060	76,116	42,203	43,333	23,137	10,416
1934	90,013	53,191	37,421	25,800	11,612	16,410	14,082	1,728	626	1,043	74,203	38,500	43,094	25,154	10,570
1935	89,785	51,934	37,831	26,062	11,870	16,307	14,540	1,837	602	1,105	73,288	37,414	43,074	25,300	10,714
1936	90,870	50,403	36,467	27,088	12,310	16,606	14,560	2,077	683	1,304	74,204	35,874	43,330	26,405	11,925
1937	90,210	51,506	38,710	28,573	12,137	16,608	14,608	2,197	632	1,405	73,581	36,008	43,583	26,041	11,543
1938	89,770	52,840	39,623	29,627	12,300	16,777	14,485	2,282	629	1,653	73,003	38,351	43,651	26,098	10,663
1939	89,807	52,113	38,004	32,187	13,627	16,804	14,475	2,480	633	1,850	79,843	37,038	42,255	27,534	10,671
1940	88,000	51,233	37,733	32,717	15,010	17,170	14,644	2,630	500	2,126	71,790	36,080	43,077	27,217	13,800
1941	97,543	51,245	40,208	30,160	20,142	17,308	14,888	2,920	529	2,301	80,235	36,557	43,378	29,077	17,761
1942	100,331	60,165	50,108	30,032	20,184	17,084	15,083	3,701	584	3,117	85,407	40,182	45,485	28,448	27,017
1943	110,310	68,354	61,903	36,318	25,584	18,131	15,301	4,740	808	3,972	92,185	44,903	57,223	28,460	31,772
1944	108,080	67,018	61,968	36,808	25,070	17,221	15,026	4,690	830	3,737	91,765	44,203	57,372	28,060	31,318
1945	99,423	64,321	64,321	37,718	26,484	16,411	15,374	3,737	881	2,040	84,112	43,447	50,006	24,837	25,838
1946	100,292	68,436	63,637	37,007	29,100	17,714	16,877	3,637	760	2,038	93,578	46,020	50,020	26,608	27,162
1947	129,167	84,688	73,159	37,070	36,009	14,173	11,109	3,004	904	2,160	113,054	48,810	50,166	36,772	33,975
1948	129,002	83,806	76,134	39,453	36,743	13,056	11,124	2,971	872	1,080	125,007	51,084	57,323	38,720	34,744
1949	138,324	92,720	71,604	37,541	34,003	13,710	11,244	2,466	700	1,007	125,014	50,470	50,138	30,772	32,300
1950	164,484	72,163	82,311	47,807	45,004	14,280	11,204	3,016	615	2,101	150,184	60,890	60,295	40,202	42,000
1951	183,558	77,543	109,016	55,816	63,200	14,740	11,053	3,098	908	2,178	171,815	65,887	66,029	44,408	41,721
1952	197,558	83,807	113,801	61,322	62,479	15,611	11,035	3,076	908	2,108	182,547	71,082	71,082	44,414	41,171
Duplicating Corporate Debt															
1929	18,142	8,278	3,804	2,275	2,529	1,072	875	197	101	90	17,070	8,403	8,667	5,174	2,493
1930	16,106	10,010	3,182	2,721	2,431	1,026	830	196	92	103	17,145	8,184	7,957	5,009	2,228
1931	10,838	7,071	1,063	1,063	1,064	1,013	821	192	00	03	16,825	8,850	8,875	4,061	1,801
1932	10,008	6,071	0,024	4,449	2,076	1,071	877	194	00	08	15,024	8,804	8,330	4,353	1,977
1933	16,430	11,252	4,114	4,100	1,934	1,168	000	205	07	111	14,325	8,302	8,330	4,083	1,842
1934	15,100	8,280	0,029	4,238	1,001	1,137	000	318	00	122	13,882	7,071	6,311	4,442	1,869
1935	14,072	8,280	0,000	4,280	2,034	1,105	032	236	07	130	13,842	7,400	6,381	4,460	1,895
1936	14,807	7,844	0,003	4,548	2,215	1,232	007	255	00	130	13,968	6,077	6,008	4,562	2,066
1937	14,413	7,900	0,430	4,283	2,137	1,112	1,045	267	88	170	13,101	6,048	6,183	4,106	1,958
1938	13,488	8,004	0,484	3,534	1,050	1,245	1,065	290	88	202	12,143	6,040	6,104	3,490	1,748
1939	13,202	7,747	0,016	3,070	1,830	1,378	1,002	316	88	228	11,884	6,083	6,109	3,888	1,611
1940	13,300	7,590	0,830	3,780	2,030	1,443	1,112	331	70	261	11,017	6,408	6,479	3,700	1,700
1941	14,100	7,081	0,409	4,348	2,122	1,494	1,120	355	74	291	12,010	6,602	6,114	4,272	1,892
1942	14,082	7,408	1,184	4,322	2,801	1,487	1,116	372	81	291	12,185	6,383	6,315	4,242	2,070
1943	14,707	7,314	1,453	4,363	3,121	1,568	1,147	411	120	291	12,300	6,107	7,073	4,242	2,830
1944	14,857	7,180	1,071	4,459	3,212	1,510	1,110	391	110	276	12,347	6,007	7,250	4,343	3,637
1945	14,231	6,920	1,232	4,284	2,908	1,455	1,000	380	124	282	12,740	6,000	6,848	4,180	3,700
1946	15,784	7,092	0,603	4,268	3,400	1,607	1,111	400	111	220	14,910	6,026	6,322	5,145	3,177
1947	10,275	8,323	10,373	4,237	1,499	1,172	1,000	327	120	201	17,778	7,730	10,046	0,121	3,928
1948	21,032	10,322	10,730	5,651	4,170	1,490	1,205	291	121	170	19,566	6,117	10,439	0,430	4,009
1949	21,033	11,186	10,357	4,237	4,100	1,484	1,234	302	107	185	20,037	6,982	10,075	8,183	3,045
1950	24,800	12,077	12,850	7,840	4,999	1,557	1,200	391	127	104	22,369	10,741	12,608	7,723	4,335
1951	27,701	12,834	14,827	8,105	6,632	1,615	1,312	303	137	177	25,145	11,022	14,521	9,009	5,463
1952	30,121	14,046	10,075	10,100	6,880	1,648	1,352	298	150	170	28,573	12,094	16,779	10,009	6,710
Net Corporate Debt															
1929	88,941	47,347	41,664	29,101	12,303	15,005	13,505	1,500	024	870	74,800	33,842	40,654	26,637	11,517
1930	88,357	51,070	36,187	24,358	11,529	15,320	13,680	1,640	503	879	73,032	37,184	30,748	25,006	10,753
1931	82,408	50,303	34,186	23,071	9,424	15,340	13,001	1,304	007	777	68,158	35,342	31,811	22,064	8,747
1932	80,615	49,191	33,634	20,840	9,791	15,346	13,073	1,313	800	783	64,007	35,216	30,451	20,240	9,201
1933	76,057	47,599	30,068	19,337	8,431	15,349	13,096	1,401	803	803	61,068	32,571	27,617	18,044	8,373
1934	75,504	44,611	30,808	21,271	9,022	15,363	13,773	1,510	859	921	60,231	33,338	28,383	20,882	8,701
1935	74,783	43,582	31,281	21,388	9,845	15,229	13,009	1,021	806	1,030	60,004	29,844	29,010	20,791	8,819
1936	70,003	42,610	33,544	22,440	11,104	15,444	13,623	1,332	867	1,335	56,010	29,707	31,722	21,853	9,890
1937	70,803	43,613	33,238	24,280	11,000	15,323	13,463	1,860	944	1,315	60,480	30,000	30,430	20,745	9,084
1938	73,291	44,842	35,449	25,083	10,348	15,439	13,440	1,992	941	1,461	67,558	31,402	28,187	17,682	8,005
1939	73,343	44,305	29,179	20,401	10,668	15,580	13,413	2,173	846	1,028	67,859	30,933	27,006	17,946	9,000
1940	78,470	43,063	31,823	22,037	12,064	15,732	13,432	2,295	430	1,845	69,540	30,221	29,628	18,057	11,132
1941	82,443	43,034	30,629	21,818	10,819	15,824	13,280	2,565	476	2,130	67,010	30,			

additional factor in lowering the rate of corporate debt growth.

The Federal Government continued to encourage defense-connected investment in 1952 through accelerated amortization for tax purposes and through the guarantee of loans for working capital purposes by government procurement agencies.

A substantial portion of the long-term debt addition of \$5 billion was in the form of bonded indebtedness. Over \$7½ billion in bonds to raise new capital and to refinance existing debt were offered in 1952—substantially above offerings in 1951 and the largest on record. Manufacturing corporations, marketing 50 percent more than in 1951, accounted for about half of the total. Transportation offerings were doubled and other industry flotations were also increased.

Total short-term corporate debt, composed of notes and accounts payable and "other" liabilities, increased \$3½ billion in 1952. Notes and accounts payable advanced 11 percent during the year, as compared with 17 percent in 1951 and 26 percent in 1950. The decline in additions to such debt largely reflected inventory adjustments and consequent changes in borrowing from commercial banks. Reduced Federal income tax liabilities were the primary factor in shrinking "other" corporate liabilities in 1952.

### Corporate financial position

Although corporate debt has increased sharply over the past several years, the financial position of corporations in the aggregate remains relatively favorable. Liquidity indexes such as the ratio of cash and U. S. Government securities to current liabilities declined in 1950, 1951, and 1952, but remained above prewar levels. The total of retained profits and depreciation charges—the major internal sources of funds—was higher in 1952 than in any other year except 1948 and 1950. The decline in retained profits during 1952 was more than equaled, for corporations as a whole, by a large increase in depreciation charges reflecting the amortiza-

tion of defense facilities at higher than normal rates as well as an expanded depreciation base.

### Expansion in nonfarm mortgage debt

Nonfarm mortgage debt owed by noncorporate borrowers rose \$7½ billion during 1952. This advance was somewhat less than the increases of 1950 and 1951. As in those two years, approximately four-fifths of the rise pertained to mortgages on 1-4 family homes, which continued under regulation during most of 1952.

The present volume of 1-4 family nonfarm housing debt (\$58 billion at the end of 1952) reflects a postwar wave of construction and rise in real estate values stemming from the large backlog of housing demand built up during the depression and war years and the favorable income and asset position of the public. Ready availability of credit has also been a factor during much of the postwar period. These and other elements are analyzed in "Markets after the Defense Expansion," pp. 46-49.

The housing boom resulted in a much more rapid relative rise in 1-4 family residential mortgage debt than in personal income after taxes. Yet the present relation of debt to income is only moderately in excess of the ratio during the more prosperous prewar years. In terms of debt servicing, current interest and repayment requirements are also moderately higher in relation to income than in the immediate prewar years.

All classes of lenders increased their holdings of 1-4 family mortgages during 1952. Savings and loan associations recorded the largest expansion, both in dollar amount and percentage-wise, and replaced life insurance companies as the principal source of additional funds for this purpose. Conventional mortgages held by life insurance companies were increased by the same amount as in 1951; VA- and FHA-guaranteed mortgages, however, were increased by a considerably smaller amount.

Borrowings on multifamily residential and commercial properties advanced by \$2 billion—somewhat less than in 1950 and 1951. As in prior years, life insurance carriers

Table 6.—Nonfarm Mortgage Debt by Borrowing and Lending Groups, by Type of Property, End of Calendar Year, 1929-52<sup>1</sup>

(Millions of dollars)

End of year	Residential and commercial			1-4 family residential							Multifamily residential and commercial						
	Total	Corporate borrowers <sup>2</sup>	Noncorporate borrowers	Total	Savings and loan associations	Life insurance carriers	Mutual savings banks	Commercial banks	ROLO	FHMA	Individuals and others	Total	Savings and loan associations	Life insurance carriers	Mutual savings banks	Commercial banks	Individuals and others
1929.....	30,894	6,650	24,244	18,912	0,182	1,620	2,285	2,297	.....	.....	8,811	17,930	325	3,489	2,481	1,620	2,062
1930.....	37,726	6,700	31,026	18,801	0,082	1,732	2,341	2,169	.....	.....	8,537	18,635	350	3,829	2,567	1,485	2,064
1931.....	30,531	6,616	23,915	15,104	5,186	1,772	2,430	2,036	.....	.....	8,212	15,467	294	3,814	2,048	1,220	2,290
1932.....	34,342	6,341	28,001	16,055	4,891	1,724	2,446	1,887	.....	.....	8,707	17,767	287	3,758	2,401	1,306	2,325
1933.....	30,460	4,172	26,288	15,368	4,215	1,590	2,354	1,707	132	.....	6,346	16,115	222	3,469	2,336	1,314	2,771
1934.....	20,480	3,072	17,408	15,639	3,525	1,378	2,150	1,490	2,370	.....	4,787	12,846	185	3,330	2,102	1,620	2,787
1935.....	28,415	3,687	24,728	15,437	3,127	1,351	2,089	1,541	2,697	.....	4,602	12,678	160	3,043	2,000	1,413	2,406
1936.....	28,040	3,656	24,384	15,395	3,122	1,245	2,082	1,034	2,743	.....	4,339	12,061	115	2,930	2,819	1,492	2,893
1937.....	27,605	3,664	23,941	15,518	2,391	1,246	2,111	1,780	2,398	.....	4,089	12,477	129	3,081	2,705	1,468	2,068
1938.....	22,214	3,747	18,467	14,705	2,439	1,320	2,119	1,916	2,149	80	4,724	12,463	123	3,238	2,694	1,435	2,876
1939.....	26,903	3,892	23,011	16,337	3,010	1,400	2,129	2,000	2,036	144	4,805	12,640	100	3,304	2,685	1,609	2,778
1940.....	26,680	3,036	23,644	17,344	3,010	1,768	2,163	2,362	1,930	178	5,100	12,640	200	3,315	2,626	1,034	2,800
1941.....	31,280	4,004	27,276	18,368	4,846	1,970	2,160	2,072	1,777	203	5,102	12,823	229	3,563	2,813	1,608	2,829
1942.....	30,771	3,062	27,709	18,236	4,349	2,256	2,128	2,782	1,687	209	4,900	12,545	204	3,575	2,491	1,504	2,788
1943.....	20,900	3,748	17,152	17,834	4,365	2,410	2,022	2,700	1,628	00	4,083	12,071	220	3,463	2,383	1,852	2,614
1944.....	20,744	3,088	17,656	17,947	4,017	2,458	1,837	2,703	1,091	50	4,004	11,707	183	3,428	2,301	1,203	2,582
1945.....	30,783	3,826	26,957	18,513	5,160	2,268	1,894	2,973	963	7	4,004	12,340	220	3,002	2,386	1,370	2,743
1946.....	30,879	4,423	26,456	23,059	6,640	2,670	2,033	4,376	630	6	6,308	13,890	201	3,700	2,308	1,067	2,272
1947.....	43,823	5,121	38,702	24,101	8,475	2,450	2,383	4,986	486	4	7,181	15,622	381	4,321	2,645	2,390	2,125
1948.....	50,904	5,837	45,067	33,261	9,841	4,905	2,835	7,398	200	198	7,067	17,043	454	4,948	2,038	2,023	2,700
1949.....	57,977	6,506	51,471	37,494	11,117	5,970	3,391	7,058	231	805	8,052	19,544	490	5,798	3,304	2,780	2,200
1950.....	60,733	7,370	53,363	45,072	12,104	8,302	4,312	6,491	10	1,228	8,445	21,084	656	6,383	3,008	3,214	2,600
1951.....	75,565	8,197	67,368	51,872	14,801	10,814	5,331	10,275	.....	1,813	8,833	23,083	719	6,973	4,508	3,453	2,800
1952 (*).....	83,740	8,961	74,779	53,125	17,690	11,800	6,180	11,280	.....	2,310	9,125	25,558	854	7,746	5,126	3,566	3,386

\* Preliminary.

1. The data represent mortgage loans on commercial and residential property, and exclude real estate mortgage bonds. Multifamily and commercial property mortgages owned by corporations and held by other nonfinancial corporations are also excluded.

2. The corporate mortgage debt total is included in the total corporate long-term debt outstanding, table 5.

Sources: Federal Savings and Loan Insurance Corporation; U. S. Department of Commerce, Office of Business Economics.



Table 7.—Individual and Noncorporate Debt, End of Calendar Year, 1929-52  
(Millions of dollars)

End of year	Farm and nonfarm total	Farm			Nonfarm							
		Total farm	Farm mortgage <sup>1</sup>	Farm production loans <sup>2</sup>	Total non-farm	Nonfarm mortgage			Other			
						Total	1-4 family	Multi-family and commercial	Total	Commercial (non-farm)	Financial <sup>3</sup>	Consumer <sup>4</sup>
1929	72,371	12,218	9,831	2,387	60,153	31,201	17,468	13,733	28,852	n. a.	n. a.	0,444
1930	71,151	11,770	9,388	2,381	59,381	32,020	17,948	14,072	27,332	n. a.	n. a.	5,787
1931	64,383	11,067	9,044	2,023	53,316	30,506	17,183	12,007	22,402	n. a.	n. a.	4,780
1932	45,688	10,102	8,485	1,836	35,586	20,921	14,522	13,190	17,502	n. a.	n. a.	5,887
1933	60,494	9,068	7,688	1,401	51,426	28,284	14,584	11,710	18,234	n. a.	n. a.	3,452
1934	49,551	8,806	7,684	1,314	40,745	25,414	14,548	10,000	15,130	n. a.	n. a.	3,004
1935	48,288	8,086	7,422	1,222	40,202	24,728	14,002	10,003	15,702	n. a.	n. a.	4,911
1936	40,286	7,161	1,420	1,082	33,125	24,386	14,016	9,772	17,284	n. a.	n. a.	3,185
1937	40,894	8,388	8,355	1,038	32,506	24,331	14,742	9,589	17,385	n. a.	n. a.	3,008
1938	40,844	8,872	8,779	2,103	31,972	24,301	14,577	9,484	16,411	n. a.	n. a.	3,435
1939	50,844	8,834	8,386	2,258	42,010	25,811	14,420	9,491	24,900	3,708	6,008	7,223
1940	43,802	9,107	8,484	2,613	34,695	25,831	14,479	9,352	24,854	4,275	5,261	5,232
1941	46,808	9,340	8,376	2,964	37,468	27,188	17,410	9,716	27,152	4,026	4,060	9,123
1942	49,870	8,828	8,048	2,070	41,042	28,119	17,315	9,804	24,351	4,107	4,047	4,853
1943	48,764	8,211	8,386	2,015	40,553	28,128	16,943	9,213	24,356	3,707	5,717	4,901
1944	60,724	7,745	4,841	3,904	52,979	29,064	17,060	8,006	26,023	3,707	8,105	4,111
1945	64,731	7,250	4,750	2,500	57,481	30,807	17,616	8,181	28,644	4,437	10,412	4,005
1946	80,720	7,652	4,897	2,755	73,068	37,456	21,005	10,450	36,453	5,373	9,001	8,326
1947	71,400	8,840	5,084	3,756	62,560	38,782	23,783	11,978	34,088	7,843	4,885	11,570
1948	82,581	10,703	5,288	5,415	71,878	40,007	21,505	13,508	37,704	8,067	5,203	14,411
1949	93,378	12,028	8,579	3,449	81,350	50,400	28,021	14,618	40,781	7,402	9,045	17,184
1950	100,205	12,220	8,071	3,149	88,035	50,384	28,018	16,336	47,031	8,592	9,936	20,513
1951	120,388	13,547	8,588	3,959	106,841	67,356	35,278	16,038	60,483	11,291	8,724	21,468
1952	125,288	15,104	7,140	7,964	110,184	74,770	40,347	16,832	65,385	12,118	7,502	25,766

1. Includes regular mortgages, purchase-money mortgages, and sales contracts.

2. Includes agricultural loans to farmers and farmer's cooperatives by institutional lenders; farmer's financial and consumer debt is included under the "nonfarm" categories.

3. Comprises debt owed to banks for purchasing or carrying securities, consumer's debt to brokers, and debt owed to life insurance companies by policyholders.

Sources: U. S. Department of Agriculture, Bureau of Agricultural Economics; Board of Governors of the Federal Reserve System; U. S. Department of Commerce, Office of Business Economics.

were the principal source of such funds, followed by mutual savings banks.

### Sharp rise in consumer credit

Subsequent to the removal of controls in May 1952 and with the increased availability of goods usually bought on credit, consumer credit rose by more than one-fifth during the last eight months of the year. A similar increase in 1950 had been followed by a period of relative stability which lasted through the first four months of 1952. The rapid expansion of such debt has continued in 1953. Nearly all of the recent advance in consumer credit was due to installment loans and installment sales of durable goods.

The installment credit expansion in 1952 may be attributed to an increased use of credit under more favorable terms, associated toward the end of the year with the improved availability of hard goods. Although consumer purchases of new cars declined slightly from 1951 to 1952, last year ended on a strong upward note which was carried into 1953. Automobile credit rose nearly one-third in the May-December period, and has maintained a comparable rate of rise so far in 1953.

Similar to the mortgage credit advance, the postwar rise in short-term consumer indebtedness is a product of prior shortages and credit controls, a long-term upturn in the use of such credit, and the growth of income. Consumer credit is more responsive than mortgage debt to short-run changes in business conditions because of the more rapid turnover of such credit.

The sum of mortgage debt on 1-4 family nonfarm residences and consumer credit may be regarded as roughly equivalent to "individual's" debt. The current size of this debt does not appear to be unduly great, given the present income level and liquidity position of individuals, the long-run growth of such credit, and the fact that lower interest rates have reduced the burden of a given debt volume by comparison with earlier prosperous periods.

These considerations apply to the present high-income situation. A reduction in aggregate income would increase the burden of the individual debt, particularly where loan agreements call for regular amortization payments, and reinforce subsequent adjustments in consumer purchasing.

Recent trends in individual indebtedness were more thoroughly evaluated in a previous issue of the Survey (April 1953, page 12).

### Farm debt expansion continues

Total farm debt rose 11½ percent during 1952 to a total of \$15 billion at the end of the year. Two-thirds of the advance represented farm production loans and one-third farm mortgage debt.

Farm production loans comprise credit extended to farmers and farm cooperatives by commercial banks and Federally sponsored farm agencies, and include price support loans made or guaranteed by the Commodity Credit Corporation. The decline in farm prices, particularly of wheat, cotton, and corn, in the latter half of 1952, necessitated a sharp rise in support loans made or guaranteed by the Corporation. These are chiefly "nonrecourse" loans, the borrowers' liability being limited to the crop inventories securing them. Excluding price support credit, farm production credit expanded only \$300 million in 1952, less than a third of the previous year's advance.

Farm mortgage debt rose one-half billion dollars in 1952—the same as in 1950 and 1951. At the close of the year such debt amounted to \$7.1 billion—8 percent above the total a year earlier. The dollar volume of new farm mortgages recorded approximated the 1951 level: the average size of new farm mortgages increased from \$5,350 in 1951 to \$5,630 in 1952 while the number of mortgages recorded receded 5 percent. Most of the dollar increase in new farm mortgage recordings occurred in the second half of 1952; during the first six months recordings were slightly below the corresponding period of 1951.

(Continued on page 24)

Charter hire payments by United States operators for the use of foreign vessels, mostly tankers, increased in 1952. This reflected both the continued diversion of United States flag tankers to military needs and enhanced requirements for tankers for increased coastwise and import carriage.

### European deficit declines most

The decline in United States earnings on exports, particularly on coal and grain shipments, and the growth in foreign earnings from United States imports, are apparent principally in our transactions with Western Europe. In 1952, the net receipts balance on shipping with Western Europe had declined to about \$100 million, from \$228 million in 1951. A further reduction, of possibly \$50 million, appears to be indicated for 1953 on the basis of the data available for the first half of the year.

The trend of the receipts balances with Latin America is also downward, with a decline registered in 1952 as compared with 1951 and a smaller balance projected for 1953. This change stems principally from (a) the expansion of the Latin American merchant fleets, (b) increased tanker

earnings (including the earnings of tanker subsidiaries of United States oil companies) and (c) charter hire payments to companies registered under Latin American flags.

### Transportation by air expanded

Other international transportation transactions have yielded small net receipts surpluses ranging up to \$25 million over the postwar years. The most noteworthy of the items taken into the balance of payments are United States airline receipts from fares paid by foreigners for carriage from and to the United States and also for carriage between foreign countries. These receipts amounted to \$83 million in 1952—about twice the payments by United States residents to foreign airlines.

In addition, United States airlines' earnings for carrying export freight and freight between foreign points in 1952 amounted to \$24 million, as against less than \$4 million of foreign freight earnings on imports. Foreign expenses of United States airlines largely offset net receipts on fares and freight. They aggregated \$87 million in 1952 while foreign airlines' expenses in the United States amounted to \$32 million.

## Changes in Public and Private Debt

(Continued from page 18)

Noncorporate nonfarm commercial debt rose 7 percent during 1952, amounting to \$12 billion at the close of the year. The year's increase was about one-half of the 1951 rise, and about one-fourth of the advance in 1950. This debt category represents bank commercial and industrial loans to noncorporate business, overdrafts, and loans to institutional borrowers. The lower rate of expansion in 1952 was primarily the reflection of reduced inventory requirements.

Loans to purchase or carry securities amounted to \$4.8 billion on December 31, 1952, 17 percent above the \$4.1 billion outstanding at the end of 1951. Last year's increase was a reversal of the movement which occurred during 1951, when security loans declined 9 percent. Margin requirements were raised from 50 percent to 75 percent in January 1951, and remained at 75 percent for the rest of that year and throughout 1952.

A major portion of the increase during 1952 stemmed from loans to purchase or carry an expanded volume of government obligations. With respect to corporate securities, the value of market transactions declined somewhat from 1951 to 1952, although prices advanced.

The other component of financial debt as shown in table 7, policy and collateral loans by insurance companies, reached \$2.7 billion at the end of 1952, five percent above such loans at the close of 1951. Over the longer run, the growth in policy loans has stemmed primarily from increased ownership of life insurance. The ratio of policy loans to reserves, an index of funds available for such loans, was 4.3 percent in 1952, approximately equal to that in other high-income, postwar years.

### Technical Notes

Gross debt is defined to include all classes of legal indebtedness except the following: (1) the deposit liability of banks and the amount of bank notes in circulation; (2) the value of outstanding policies and annuities of life insurance carriers; (3) the short-term debts among individuals and unincorporated nonfinancial business firms; and (4) the nominal debt of corporations, such as bonds which are authorized but unissued, or outstanding but reacquired.

Net debt for each of four sectors is defined as follows: Federal Government net debt is that owed to all other

sectors of the economy except the Federal Government proper and its corporations and agencies; State and local government net debt is that owed to all other economic entities except State and local governments; corporate net debt is that owed to all other entities (including corporations) except to other corporate members of an affiliated system; and private noncorporate net (and gross) debt is the summation of all forms of legal noncorporate indebtedness except that among individuals and unincorporated nonfinancial business firms. Data showing adjustments for duplication involved in passing from gross to net debt are given in detail in tables 3, 4, and 5.

These concepts were more fully discussed in the October 1950 issue of the Survey.

The statistical bases for the present estimates are in general similar to those used in the past. These have been explained in articles in the July 1944 and September 1945 issues of the Survey and in the special bulletin "Indebtedness in the United States, 1929-41" (Department of Commerce Economic Series No. 21, U. S. Government Printing Office, 1942). In the September 1946 and September 1947 articles modifications of former procedures were noted.

The present report contains the full set of estimates provided by the Office of Business Economics Debt Study, and supersedes the tables published in earlier reports. Revisions incorporated here include those made by the Bureau of Agricultural Economics in the series for farm mortgage debt, by the Federal Savings and Loan Insurance Corporation in its estimates of mortgage debt on 1-4 family homes, and by the Federal Reserve Board in the series for consumer credit outstanding. For the convenience of users of the data, revised values for the major debt categories affected have been extrapolated back to 1916, using appropriate links (table 1).

Other revisions for recent years have resulted from the incorporation of additional basic data.

In table 4, the distribution of local government debt by types of civil divisions shown for 1950, 1951, and 1952 is not strictly comparable with that shown for 1949 and earlier years because of changes in the Bureau of the Census classification of these units, particularly cities and special districts. (See "Governmental Debt in 1951," Bureau of the Census, December 1951.)